

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-318-E

In the Matter of:)
)
Application of Duke Energy Progress, LLC)
For Adjustments in Electric Rate Schedules)
and Tariffs and Request for an Accounting)
Order)

STIPULATION

This Stipulation is made by and between the South Carolina Office of Regulatory Staff ("ORS") and Duke Energy Progress, LLC (the "Company") (together, the "Parties").

WHEREAS, on November 8, 2018, the Company filed an application in the above referenced proceeding proposing changes in its rates, charges, and tariffs for electric service to be effective on June 1, 2019 ("Application");

WHEREAS, the Application included proposed cost recovery for certain grid investments included as part of the Company's proposed Grid Improvement Plan ("GIP");

WHEREAS, ORS believes that the GIP should be considered in a proceeding independent from the Application and has filed a motion on March 8, 2019 in this docket to request such proceeding;

WHEREAS, the Company is amenable to an independent proceeding for the GIP in order to advance further stakeholder discussions and Commission review, but asserts that there are accounting effects that must be agreed to should the GIP be considered in a later, independent proceeding;

WHEREAS, the Parties have determined that their interests and those of the public would be best served by reaching an agreement on these matters under the following terms, and the Parties stipulate and agree as follows:

1. The Company will withdraw from Commission consideration the GIP, and associated cost recovery proposal for costs incurred related to plant placed in service on or after January 1, 2019 should the Public Service Commission of South Carolina ("Commission") approve this Stipulation.

2. All testimony and evidence regarding the GIP and agreed upon by the Parties may, at the moving party's discretion, be moved to the new docket to ensure efficiency, and the Parties shall move that all parties who have expressed any position on the GIP shall automatically be granted intervenor status;

3. The Parties agree that without effect or prejudice to any other deferral at issue in these dockets and the positions put forth by the Parties regarding deferrals, that the Company may defer into a regulatory asset account all GIP-related costs until the underlying costs and proposed recovery may be considered in the next general rate proceeding where such costs may be considered for recovery, consistent with the Commission's prior deferral order on grid investment, Order No. 2018-751 issued in Docket No. 2018-206-E. The Parties agree that should any GIP related costs be ultimately denied recovery by the Commission; the Company will not be permitted to recover any associated return or depreciation expenses associated with such disallowed costs.

4. This Stipulation shall not prevent or limit any party from conducting discovery, evaluating, providing additional testimony or rendering an opinion on the Company's actions in incurring costs related to the GIP in a subsequent general rate case or other proceeding.

5. Approval of this accounting procedure is without prejudice to the right of any party to address the reasonableness or prudence of these costs, including return, depreciation expense and carrying costs, in a subsequent general rate case or other proceeding.

6. The Company will identify, quantify and record savings to the Company attributed to GIP expenditures that are placed into the deferred regulatory asset. These savings may include, but are not limited to, reductions in operating expenses, improvements in revenue assurance, increased conservation, and reductions in peak demand.

7. Approval of this accounting procedure is not dispositive as to any future position the Parties may take on deferrals or the GIP in a subsequent rate case or other proceeding.

8. The Company will file a Petition in a separate docket to seek a resolution of the issues surrounding the Company's GIP by no later than January 1, 2020.

9. This Stipulation shall be effective upon execution of the Parties and shall be interpreted according to South Carolina law.

10. The Parties represent that the terms of this Stipulation are based upon full and accurate information known as of the date this Stipulation is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Stipulation is based, either Party may withdraw from the Stipulation with written notice to the other Party.

11. This Stipulation shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, joint ventures, heirs, executors, administrators, trustees, and attorneys.

12. Each party acknowledges its consent and agreement to this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Stipulation. Facsimile signatures and e-mail signatures shall be recognized as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

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